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### Illawarra Technology Corporation Annual Report 2002

University of Wollongong

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## Illawarra Technology Corporation Annual Report 2002



A University of Wollongong Enterprise

ITC

A low-angle photograph of several modern skyscrapers reaching towards a blue sky with scattered white clouds. The image is partially obscured by a purple overlay with wavy lines.

# 2002 annual report



# mission statement

To undertake activities which enable ITC to support and add value to the strategic goals and objectives of the University of Wollongong;

and

To acquire and manage contracts and deliver services which achieve a commercial return and enable ITC to contribute financially in support of the University of Wollongong.





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# performance

## illawarra technology corporation



Mr GF Mahby



Mr JW Langridge

One of the keys to ITC's past success has been an emphasis on expanding and strengthening our foundation. That's why in recent years we have made several measured decisions aimed at increasing commercial return. In 2002 we invested in important new initiatives that will broaden our risk profile and help solidify our place as a market leader.

The results speak for themselves: our revenue in 2002 was a record \$50.9 million, nearly \$10 million more than last year. This year saw us return \$2.1 million to the University of Wollongong in fees and contributions — our largest annual contribution ever — while at the same time turning a record \$1.27 million profit. What's more, we've made enormous gains in recruitment of international students with UniAdvice earning upwards of \$39.5 million, more than ever before.

Some of the milestones of 2002 have included the opening of a new college in Auckland, New Zealand, the addition of a second building to our college in Sydney, acquisition of major infrastructure in Dubai, and the securing of our first significant project in the Pacific region, in Tonga.

But we aren't complacent — we are continually reviewing our operations and performance, managing risks, and working to meet challenges and overcoming them. We recognise that as we expand offshore and consolidate our position in Dubai, Auckland and Sydney we will face challenges. These efforts take time, energy and patient investment, and they come at a time when we have also made organisational changes. We are confident, however, that the long term benefits will far outweigh the short-term costs. So while we have planned and prepared for lower profits in 2003 we anticipate stronger returns in 2004 and beyond.



Prof PM Robinson



Ms E Menzies



Mr J Scimone



Dr BS Hickman



Dr BS Gillett



Prof GR Sutton

We are especially grateful for the support of our staff, and the University of Wollongong as our shareholder, amidst these changes. We look forward to continued support as we work to expand the network of colleges and open more offshore project offices to support our growing success in the acquisition of significant long-term development projects.

A handwritten signature in blue ink, reading "George Maltby".

**George Maltby**  
Chairman

A handwritten signature in blue ink, reading "James W Langridge".

**James W Langridge**  
Chief Executive Officer

## Highlights in 2002 – A people focus

### Assistance Programs (EAP)

In 2001 the company launched a free employee-assistance program to give all employees and their direct family members a source of professional and totally confidential advice.

In 2002, EAP has become an accepted component of ITC's human resource management strategy.

illawarra technology corporation opportunity



### 'Employer of Choice' (EOWA)

A number of ITC's initiatives relating to our 'female-friendly' work practices were recognised with ITC being granted 'Employer of Choice for Women' status in 2002. We were also one of five nationwide finalists in the EOWA 'Leading Organisation for the Advancement of Women' (for companies with fewer than 500 employees).

### Investment in People Skills

During 2002 the company sponsored more than 20 staff in formal studies leading to tertiary qualifications. This is an important part of our commitment to the development of skills and qualifications for our staff.

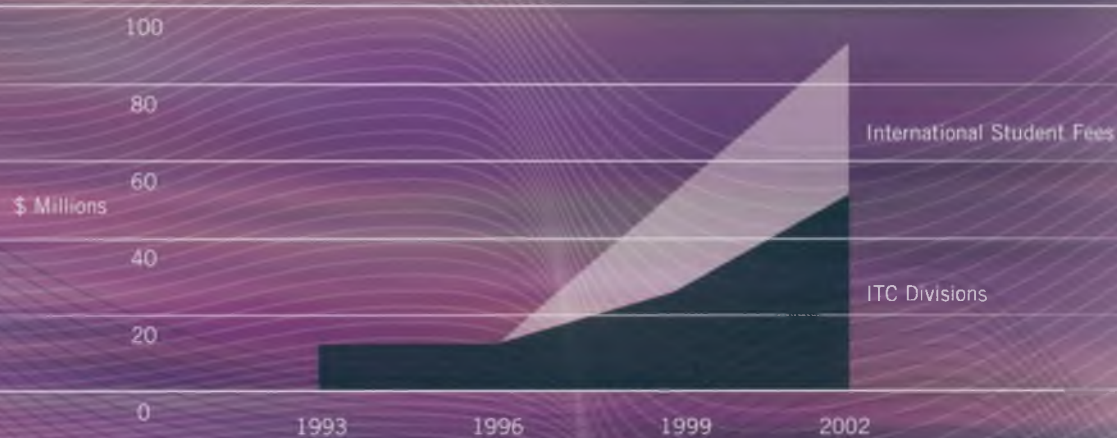


## Key Facts and Figures

<b>Annual Turnover</b>	ITC Divisions	\$50.9 m
	International Recruitment Activity	\$39.5 m
	<b>Total</b>	<b>\$90.4 m</b>
	Net Profit	\$1.27 m

<b>Staff</b>	(Head count)	473
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Business Growth Chart - Revenues



<b>Contribution to UOW</b>	<b>2002</b>	<b>1996-2002</b>
	<b>\$'000</b>	<b>\$'000</b>
International Project Fees	445	3390
Faculty Fees	1122	2899
Faculties (consultancies)	53	1030
Scholarships	61	459
Technology Development	-	2312
Rent of Facilities	426	426
<b>Total</b>	<b>2107</b>	<b>10516</b>

<b>Offices located at</b>	Wollongong
	Sydney
	Auckland (New Zealand)
	Dili (East Timor)
	Dubai (United Arab Emirates)
	Batam (Indonesia)
	Jakarta (Indonesia)
	Rochester (UK)
	Vientiane (Laos)

## ITC International

### Offering a wide range of professional services in international development

ITC International specialises in project and contract management; fellowships in education and training; and consulting for clients including the Australian Agency for International Development (AusAID), the World Bank, the Asian Development Bank and developing country governments. Key areas of focus are education and training, human resource development, health, governance and capacity building, in countries as diverse as East Timor, Lao PDR, Tonga, Vietnam and Indonesia.

Through successful implementation and management of projects in a range of sectors and countries, ITC continues to build its reputation as a provider of high quality international project services.

### Specific services offered include:

- ▶ Management and delivery of training programs, including formal award courses
- ▶ Project design, management and review
- ▶ Program management including tendering and subcontracting
- ▶ Institutional strengthening and capacity building, particularly in the public sector
- ▶ Education sector development including teacher training, curriculum development and education management training
- ▶ Consultant selection, mobilisation and management
- ▶ Financial management
- ▶ Student pastoral care.



assistance east timor

### ITC International had a portfolio of projects totalling \$46.6 million in contract value in 2002:

East Timor (two projects)	\$19.3 million
Tonga/Pacific Region (one project)	\$1.2 million
Lao PDR (one project)	\$7.3 million
Indonesia (two projects)	\$6.1 million
PNG (one project)	\$0.9 million
Sri Lanka (two projects)	\$3.8 million
Vietnam (one project)	\$8.0 million

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<b>Total Value</b>	<b>\$46.6 million</b>
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## Highlights and Achievements for 2002

### Major Projects

#### East Timor Australia Capacity Building Facility

During 2002 ITC commenced this new three-year Facility, a central element of Australia's aid program to East Timor.

**Purpose:** to strategically improve the capacity of human resources to manage institutions and programs within selected sectors and agencies in East Timor, in order to contribute to a sustainable East Timorese system of governance and public sector management.

**Total Project Value:** approximately \$18 million

#### Short-Term Technical Assistance Services for the Pacific, including the Technical Assistance Governance Facility for Tonga (STTA/TAGF)

ITC successfully established the STTA/TAGF in 2002, comprising a dedicated fund for technical assistance to the Government of Tonga plus scope to provide other assistance to a wide range of countries across the Pacific Region.

**Purpose:** to provide the Government of Tonga timely access to high-level, short-term strategic advice, particularly on issues of economic reform and governance. For countries other than Tonga, the Facility will provide similar assistance in response to identified needs.

**Total Project Value:** approximately \$1.2 million

### Fellowship Programs

#### East Timor Australian Development Scholarships (ETADS): English for Academic Purposes.

ITC managed a second intake of East Timorese students studying at Wollongong University College to complete English for Academic Purposes and other university preparation, in order to equip them for tertiary study in Australia and Fiji.

### New Markets

During 2002 ITC International secured its first contract in the Pacific region (TAGF/STTA) and will therefore further investigate opportunities there. Other key markets of focus included Bangladesh, Nepal, Cambodia and the Middle East.



## Dubai Campus

Keeping up with ever-growing enrolments is no easy task in Dubai. By October 2002 the Dubai Campus had enrolled almost 1200 students for its Autumn session, a 50% growth on the number enrolled for the same session in the previous year. This means growth of 400% since 1999. The continuing growth was of such magnitude a decision was taken to begin planning for a new building to be completed in 2003.

To meet the need for additional space during 2002, temporary teaching space was leased in a building in Dubai Internet City to teach English Language preparatory programs. A new Computer Assisted Language Laboratory – the first of its kind in the Emirates – facilitated English teaching.

The Dubai Campus is managed by ITC on behalf of the University of Wollongong. Despite growing competition from local institutions, the Campus maintains its position as a front-rank choice for tertiary education in the Emirates. Growth in postgraduate programs has been particularly significant with a pleasing diversity of nationalities and industry representatives enrolling in the MBA. Since its redesign in 2001, the MQM program has gained strength, alongside the MIB and MBA and during the year the first offshore MBA taught from Dubai was introduced in Tehran in collaboration with the Petroleum University of Tehran.



Discussions concerning program accreditation continued throughout the year with the Ministry of Higher Education and Scientific Research in Abu Dhabi. In Tehran, undergraduate programs were accredited, while postgraduate programs are still under review.

The Dubai Campus began teaching certificate and diploma programs for the Institute of Financial Services in October, following accreditation by the Institute.

English teaching continued as a foundation to University entry. A language teaching contract with Dubai Ports and Customs continued during the year and teaching facilities were significantly improved with the new computerised facilities at Dubai Internet City. The Campus began IELTS testing in Oman with a partner institution, and preliminary visits were made to Orumieh in Iran to establish an IELTS testing centre. A similar dialogue began with a possible partner interested in establishing an IELTS test centre in Bahrain.

## Highlights and Achievements for 2002

- ▶ A 50% increase in student enrolments
- ▶ The number of students on the Deans merit list from Dubai was double the number expected
- ▶ 62 nationalities were represented in the student population
- ▶ An MBA program began in Tehran
- ▶ Academic teaching staff grew to 25 full-time
- ▶ All new teaching staff enrolled in the ITT course
- ▶ Computer Assisted Language Laboratory opened to improve language teaching



- ▶ IELTS testing commenced in Muscat, Oman
- ▶ The library including its computerised holdings was doubled in size during the year
- ▶ The Campus was accredited to teach certificate and diploma programs of the Institute of Financial Services. These programs commenced in October
- ▶ The Graduation in October saw 105 students graduate
- ▶ New teaching space was occupied in Dubai Internet City in September and a decision was taken to begin planning for a new leased and branded building in Knowledge Village.



**W**ollongong University College delivers educational services and courses at two main locations, on the main University of Wollongong campus and in central Sydney. The core business is provision of English language and academic pathway programs that enable international and local students to proceed to undergraduate and postgraduate programs at the University of Wollongong. The College delivers a commercial return to ITC, and initiates new ventures, courses and markets that benefit ITC, the University and local and global communities.

**Specific courses are:**

- ▶ English-language programs, including those especially designed for specific University courses
- ▶ Senior-Secondary and Foundation-Studies programs leading to first year in all University faculties
- ▶ Advanced Diplomas in Business and Information Technology leading to second year in the relevant faculties
- ▶ University Access Program for local mature age students
- ▶ Master's pathway programs
- ▶ Adult Migrant English Program in the Illawarra.

wollongong university college

## Highlights and Achievements for 2002

Strong enrolment growth was evident in all major programs, most notably in the Senior Secondary and Foundation Studies Programs in Sydney, and in English language and academic programs in Wollongong. The Sydney Centre reached capacity with over 700 students. ITC has now leased another nearby building, which is being progressively fitted out as additional classroom and staff space.

About 1200 individual international and 400 local students undertook an English or academic program at WUC Wollongong in 2002, with the majority proceeding to a university course. This represents a total potential income to the University in excess of \$40 million.

The Adult Migrant English Program continued to play an important social and community role in assisting new arrivals in the Illawarra. Some innovative programs assisted approximately 300 clients not only to learn English, but also introduced them to community and government facilities in areas such as health, and gave them the total skills to take their place in the broader community. The tender for this government funded program has been awarded to another provider from July 2003.

Study Tour groups provided an opportunity for many students from overseas Colleges and Universities to study English and experience life in Australia and at the University for a shorter period of two to four weeks. As well as the traditional markets in Korea and Japan, the College hosted the first groups from Hong Kong and China.





In conjunction with the ITC International East Timor project (CAPET), the College accepted a second group of sponsored students from East Timor into English-language programs, prior to their placement in many Australian Universities.

The College also provides the Foundation Studies curriculum as the basis for the Freshman Year in Dubai, and also supports the English language programs.

The College conducts an Associate Diploma (equivalent to Foundation Studies) with East China University of Science and Technology in Shanghai, China. The most recent enrolment is approximately 140 students. These students will be able to proceed to the University's BBA program at the same institution.

During 2002 ITC decided to restructure the College management and expand the network internationally. A new campus in Auckland will open in the second quarter of 2003 and offer English-language and Foundation-Studies programs.

The College continues to provide access to further education, principally at university for international and some local students, who do not otherwise meet the English-language or academic-entry requirements.

## UniAdvice

### Providing key services to the University of Wollongong

UniAdvice provides services to the University of Wollongong through a Services Contract. These services include the recruitment of domestic and international students; a Service Centre which deals with customer enquiries and Admissions; and a Public Affairs Unit to deal with Development, Media and Alumni matters. The Development Office sources and maintains funding for a range of scholarships including industry and community funded scholarships.



UniAdvice

Catherine Roderick and IMB Banking & Financial Services Chief Executive Wayne Morris

### Partnerships... UOW and IMB Banking & Financial Services - a great return on the Investment

*'This scholarship has been a great opportunity for me. The work experience has given me the chance to put into practice the Information Technology theory that I have been learning at University. The IMB has given me a real project to work on – developing a time-recording system that will assist in project-management - that will actually be used in the Company. That makes me feel part of the organisation. And the financial assistance has really helped, by allowing me to concentrate on my studies and not have to worry about having to find part-time work to help me through.'*

**Catherine Roderick**, IMB Banking & Financial Services scholarship-holder, Bachelor of Information and Communication Technology with a double major in Software Engineering and Business Information Systems. Catherine, from The Oaks, spends the university summer vacation working on IT projects at the IMB's head office in Wollongong.

*'IMB Banking and Financial Services has been providing scholarships for students at the University of Wollongong for many years. It has been part of our commitment to the community, to the University and to the people who attend the University. In recent years we have focused on ways that the scholarship holder can do work that will be meaningful for their studies, and also benefit the IMB. For example, the work that Catherine is doing will help us in our capacity planning and resource allocation, and help us in holding people accountable for the projects they are working on.'*

**Wayne Morris**, Chief Executive, IMB Banking & Financial Services



## Highlights and Achievements for 2002

### International Student Recruitment

- ▶ Achieved growth in total international onshore enrolments of 24% from 2799 (in April 2001) to 3356 (in August 2002)
- ▶ Re-established undergraduate markets in Singapore, Malaysia and Hong Kong after an intensive 2-year campaign
- ▶ Improved conversion rates from application to enrolment by 5% (from 21% - 26%)
- ▶ Refocussed customer service, staff management and training through specific Service Centre co-ordinator appointments

### Domestic Student Recruitment

- ▶ Increased market share of school leavers by 12%
- ▶ Increased total share of first preferences from NSW school leavers from 5.33% to 5.99% with substantial gains in Sutherland (31.9% to 39.15%), SW Sydney (11.7% to 19.03%) and the Illawarra (73.98% to 77%)
- ▶ Increased high achievers (90+UAI) by 8.9% (2000 to 2001)
- ▶ Increased domestic fee payers by 25% from 2001 to 2002

### Public Affairs and Development

Developed:

- ▶ Targeting media profiling, eg. Southern Sydney, International
- ▶ Focused communication materials, eg. Campus News
- ▶ Effective government relations program
- ▶ Office of Development
- ▶ Expanded International Alumni



# financial report

for the year ended 31 December 2002

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The Directors present their report together with the financial report of Illawarra Technology Corporation Limited and subsidiaries for the year ended 31st December 2002.

## Directors

The following persons hold office as Directors of Illawarra Technology Corporation Limited (ITC Ltd) and subsidiaries at the date of this report:

Director	Date of appointment		
	ITC Ltd	ITC Europe Ltd	ITC New Zealand Ltd
Mr GF Maltby (Chairman)	6 April 1990	-	-
Dr BS Hickman (Deputy Chairman)	1 July 1992	-	-
Mr JW Langridge (Managing Director)	23 June 1989	22 Nov 2000	12 Nov 2002
Dr BS Gillett	23 May 1990	-	-
Prof GR Sutton	17 Jan 1995	-	-
Prof PM Robinson	19 Feb 1996	-	-
Ms E Menzies	1 June 2000	-	-
Mr J Scimone	1 Nov 2002	-	-
Mr S McDonell (Company Secretary ITC Ltd)	-	22 Nov 2000	12 Nov 2002

## Results

The net result of the ordinary trading operations of the Group for the year ended the 31 December 2002 was a profit of \$1,271,781 (2001: \$127,190).

## Principal Activities

The principal activities of the Group consist of undertaking activities which enable it to support and add value to the strategic goals and objectives of the University of Wollongong and to acquire and manage contracts and deliver services which achieve a commercial return, and enable the Group to contribute financially to support the University of Wollongong.

These primary activity areas include marketing and recruitment (UniAdvice) for the University of Wollongong and College, delivery of pre-university education (Wollongong University College) delivery of university education offshore (Dubai Campus) and provision of international contract and consulting services (ITC International).

The marketing and recruitment activities undertaken under contract to the University of Wollongong generated a total of \$39.1 million (2001: \$33.2 million) in international fee income for the University in the period. Total costs to undertake international and domestic marketing and recruitment for the University were \$8.1 million (2001: \$6.1 million) in the period.

## Significant Changes

During the year the company has commenced set up of a College operation in New Zealand through a new wholly owned subsidiary ITC (New Zealand) Ltd, which was incorporated on 12 November 2002.

## Matters subsequent to the end of the financial year

As at the date of this report, the Directors note that the outbreak of hostilities in the Middle East region is of considerable concern. Directors feel that should hostilities either continue for a reasonable period, or escalate, actions including suspension of classes and evacuation of staff may become appropriate.

While the potential exists for this event to significantly affect the operations or state of affairs of the Corporation in the financial year subsequent to the 31 December 2002, at this early stage it is not possible to assess the likelihood or potential extent of this risk. In the opinion of the Directors significant future impact at this stage is not considered likely.

## Likely Developments

As at the date of this report, Directors have focused their attention on achieving the Company's goals, including in particular, the launch of ITC (New Zealand) Ltd, the new structure of the Wollongong University College operations and the accreditation of University of Wollongong (Dubai Campus).

## Dividends

Under the Memorandum and Articles of Association the Corporation is not permitted to distribute earnings by way of dividends, and as such no dividends have been declared or paid during the period.

## Directors' Interests and Benefits

- ☐ Mr James W Langridge is Vice Principal (International) of University of Wollongong, Managing Director and an employee of ITC Ltd.
- ☐ Professor Gerard Sutton is Vice-Chancellor and Principal of the University of Wollongong, the Parent Entity of ITC Ltd.
- ☐ Professor Peter Robinson is a specialist advisor to the University of Wollongong, the Parent Entity of ITC Ltd.
- ☐ Mr Stuart McDonell is Company Secretary (holding company) and an employee of ITC Ltd.

With the above exceptions no director of ITC Ltd has received, or has become entitled to receive, a benefit (other than a remuneration benefit included in Note 22 to the accounts) because of a contract that:

- ☐ the Director; or
- ☐ a firm of which the Director is a member; or
- ☐ an entity in which the Director has a substantial financial interest;

has made with:

- ☐ ITC Ltd; or
- ☐ an entity that ITC Ltd controlled, or a body corporate that was related to ITC Ltd.

## Information on Directors

Director	Qualifications & Experience	Special Delivery Responsibilities	Particulars of director's interest in shares of the corporation
<b>Mr GF Maltby</b>	Chairman, 10 years Director, 12 years 11 months  <i>Chairman</i> <ul style="list-style-type: none"><li>• Australian Telecommunications Users Group (ATUG)</li><li>• Whitesmiths Aust Pty Ltd</li><li>• The Maltby Group Pty Ltd</li><li>• Thales International Pacific Holdings Pty Ltd</li></ul>	Non-Executive Director  Chairman, Audit Sub-Committee Chairman, Remuneration Sub-Committee	NIL
<b>Mr JW Langridge</b>	Managing Director, 12 years 9 months Director, 13 years 9 months  <i>Vice Principal (International)</i> <ul style="list-style-type: none"><li>• University of Wollongong</li></ul> <i>Director</i> <ul style="list-style-type: none"><li>• University of Wollongong Foundation Ltd</li><li>• IELTS Australia Pty Ltd</li><li>• ITC (Europe) Ltd</li><li>• JLSM No 1 Pty Ltd</li><li>• ITC (New Zealand) Ltd</li></ul>	Executive Director  Member, Audit Sub-Committee  Member, Remuneration Sub-Committee	NIL
<b>Dr BS Gillett</b>	Director, 12 years 10 months  <i>Chairman</i> <ul style="list-style-type: none"><li>• Wollongong Conservatorium of Music Ltd</li></ul> <i>Director</i> <ul style="list-style-type: none"><li>• Openstone Pty Ltd</li><li>• Work Integrated Learning Australia</li></ul>	Non-Executive Director	NIL
<b>Dr BS Hickman</b>	Deputy Chairman 4 years 9 months Director, 10 years 9 months  <i>Member of Council</i> <ul style="list-style-type: none"><li>• University of Wollongong</li></ul> <i>Chairman</i> <ul style="list-style-type: none"><li>• Audit Management and Review Committee, University of Wollongong Council</li></ul> <i>Director</i> <ul style="list-style-type: none"><li>• ARRB Transport Research Limited</li><li>• Energy Resources Australia Limited</li></ul>	Non-Executive Director  Member, Audit Sub-committee  Member, Remuneration Sub-Committee	NIL
<b>Prof GR Sutton</b>	Director, 8 years 2 months  <i>Vice-Chancellor, and Principal</i> <ul style="list-style-type: none"><li>• University of Wollongong</li></ul> <i>Director</i> <ul style="list-style-type: none"><li>• Australian Academic and Research Network (AARNet) Pty Ltd</li><li>• Australian Vice Chancellors' Committee (AVCC)</li><li>• Australian Education Office</li></ul>	Non-Executive Director	NIL



Director	Qualifications & Experience	Special Delivery Responsibilities	Particulars of director's interest in shares of the corporation
<b>Prof PM Robinson</b>	<p>Director, 7 years 1 month</p> <p><i>Corporate advisor on Research and Innovation,</i></p> <ul style="list-style-type: none"> <li>University of Wollongong</li> </ul> <p><i>Director</i></p> <ul style="list-style-type: none"> <li>Cooperative Research Centre for Alloy Solidification Technology</li> <li>Cooperative Research Centre for Intelligent Manufacturing Systems and Technologies</li> <li>Cooperative Research Centre for Welded Structures</li> <li>Cooperative Research Centre Railway Engineering and Technologies</li> </ul>	Non-Executive Director	NIL
<b>Ms E Menzies</b>	<p>Director, 2 year 7 months</p> <p><i>Partner</i></p> <ul style="list-style-type: none"> <li>Menzies George Lawyers</li> </ul> <p><i>Director</i></p> <ul style="list-style-type: none"> <li>Cooperative Research Centre for Predictive Mineral Discovery</li> </ul>	Non-Executive Director	NIL
<b>Mr J Scimone</b>	<p>Director, 2 months</p> <p><i>Member of Council</i></p> <ul style="list-style-type: none"> <li>University of Wollongong</li> </ul> <p><i>Deputy Chairman</i></p> <ul style="list-style-type: none"> <li>Illawarra Area Health Service</li> </ul>	Non-Executive Director	NIL
<b>Directors of the subsidiary company (ITC Europe Ltd) additional to those listed previously are:</b>			
<b>Mr S McDonell</b>	<p>Company Secretary, 8 years 10 months</p> <p><i>Director/Company Secretary</i></p> <ul style="list-style-type: none"> <li>ITC (Europe) Ltd</li> <li>ITC (New Zealand) Ltd</li> <li>JLSM No 1 Pty Ltd</li> </ul>	Executive Director	NIL

## Indemnities

The Company under its global insurance arrangements has in place a Directors and Officers Indemnity Policy, which is in accordance with the Memorandum and Articles of Association of the Company.

## Directors' Meetings

The number of Directors' meetings and meetings of committees of Directors held in the period each Director held office during the financial year and the number of meetings attended by each Director are:

Director	ILLAWARRA TECHNOLOGY CORPORATION LTD						ITC EUROPE LTD		ITC NEW ZEALAND LTD	
	Board Meetings		Audit Sub-Committee Meetings		Remuneration Sub-Committee Meetings		Board Meetings		Board Meetings	
	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended	Number Held	Number Attended
Mr GF Maltby	7	7	4	4	2	2	-	-	-	-
Mr JW Langridge	7	7	4	4	2	2	1	1	-	-
Dr BS Gillett	7	7	-	-	-	-	-	-	-	-
Dr BS Hickman	7	7	4	4	2	2	-	-	-	-
Prof GR Sutton	7	7	-	-	-	-	-	-	-	-
Prof PM Robinson	7	6	-	-	-	-	-	-	-	-
Ms E Menzies	7	6	-	-	-	-	-	-	-	-
Mr J Scimone	1	1	-	-	-	-	-	-	-	-
Mr S McDonell	-	-	-	-	-	-	1	1	-	-

This report is made in accordance with a Resolution of the Directors.



Director



Director

Dated at Wollongong this 27th day of March 2003.





GPO BOX 12  
SYDNEY NSW 2001

## INDEPENDENT AUDIT REPORT

### Illawarra Technology Corporation Limited

To Members of the New South Wales Parliament and Members of Illawarra Technology Corporation Limited

#### Audit Opinion

In my opinion, the financial report of the Illawarra Technology Corporation Limited:

- (a) presents fairly the company's and the consolidated entity's financial position as at 31 December 2002, and their financial performance and cash flows for the year ended on that date, in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, the Corporations Act 2001, Corporations Regulations 2001, and
- (b) complies with section 41 B of the Public Finance and Audit Act 1983.

#### The Directors' Role

The financial report of the Illawarra Technology Corporation Limited and the consolidated entity is the responsibility of the company's directors. It consists of the statements of financial position, the statements of financial performance, the statements of cash flows and the accompanying notes, and directors' declaration, and the information contained therein. The consolidated entity comprises the Illawarra Technology Corporation and the entities controlled at the year's end, or during the financial year.

#### The Auditor's Role and the Audit Scope

As required by the Public Finance and Audit Act 1983 and the Corporations Act 2001, I carried out an independent audit to enable me to express an opinion on the financial report. My audit provides reasonable assurance to members of the New South Wales Parliament and the members of the company that the financial report is free of material misstatement.

My audit accorded with Australian Auditing and Assurance Standards and statutory requirements, and I:

- evaluated the accounting policies and significant accounting estimates used by the directors in preparing the financial report, and
- examined a sample of the evidence that supports the amounts and other disclosures in the financial report.

An audit does not guarantee that every amount and disclosure in the financial report is error free. The terms 'reasonable assurance' and 'material' recognise that an audit does not examine all evidence and transactions. However, the audit procedures used should identify errors or omissions significant enough to adversely affect decisions made by users of the financial report or indicate that the company's directors had failed in their reporting obligations.

My opinion does not provide assurance about the future viability of the company or controlled entities or that the company or controlled entities have carried out their activities effectively, efficiently and economically.

My audit opinion was formed on the above basis.

#### Audit Independence

The Audit Office complies with all professional independence requirements. The Public Finance and Audit Act 1983 further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office are not compromised in their role by the possibility of losing clients or income.

A T Whitfield FCA  
Deputy Auditor-General

SYDNEY  
7 April 2003

Pursuant to the requirements of the Public Finance and Audit Act, 1983, in accordance with the resolution of the Board of Directors, we declare that in our opinion:

- ☐ The accompanying financial statements exhibit a true and fair view of the financial position of Illawarra Technology Corporation Ltd and subsidiaries as at the 31st of December 2002 and transactions for the period then ended.
- ☐ The statements have been prepared in accordance with the provisions of the Public Finance and Audit Act, 1983, the Public Finance and Audit Regulation 2000 and where appropriate under the Treasury Circulars.

Further we are not aware of any circumstances which would render any particulars included in the financial statements to be misleading or inaccurate.



Director



Director

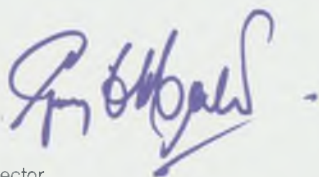
Dated at Wollongong this 27th day of March 2003.

## Directors' Declaration

In accordance with a resolution of the Directors of Illawarra Technology Corporation Limited and pursuant to Section 41C, 1B and 1C of the Public Finance and Audit Act 1983, we state that:

- ☐ The attached is a general purpose financial report and presents a true and fair view of the financial position and performance of the company as at 31 December 2002 and the results of its operations and transactions of the company for the year then ended;
- ☐ The financial report has been prepared in accordance with the provisions of the Public Finance and Audit Act 1983 and the Corporation Act 2001;
- ☐ The financial report has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Consensus Views and authoritative pronouncements of the Australian Accounting Standards Board;
- ☐ We are not aware of any circumstances which would render any particulars included in the financial reports to be misleading or inaccurate; and,
- ☐ There are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

Signed in accordance with a resolution of the Directors, and on behalf of the Directors.



Director



Director

Dated at Wollongong this 27th day of March 2003.



# Statements of Financial Performance for the year ended 31 December 2002

		Consolidated Accounts		ITC Limited	
		Year Ended 2002	Year Ended 2001	Year Ended 2002	Year Ended 2001
	Notes	\$	\$	\$	\$
Revenue from ordinary activities	3	50,951,005	41,593,345	50,951,005	41,593,345
Borrowing costs		(182,274)	(120,283)	(182,274)	(120,283)
Other expenses from ordinary activities		(49,496,950)	(41,345,872)	(49,466,977)	(41,344,290)
Profit from ordinary activities	4,26	1,271,781	127,190	1,301,754	128,772

The Statements of Financial Performance should be read in conjunction with the accompanying Notes 1 to 30.

# Statements of Financial Position as at 31 December 2002

		Consolidated Accounts		ITC Limited	
		Year Ended 2002	Year Ended 2001	Year Ended 2002	Year Ended 2001
	Notes	\$	\$	\$	\$
<b>CURRENT ASSETS</b>					
Cash assets	7	7,874,549	6,660,795	7,872,444	6,660,639
Receivables	8	5,233,797	3,456,716	5,391,387	3,456,543
Inventories	9	1,235,192	709,395	1,235,192	709,395
Other	10	1,700,263	1,912,676	1,574,264	1,912,676
<b>TOTAL CURRENT ASSETS</b>		<b>16,043,801</b>	<b>12,739,582</b>	<b>16,073,287</b>	<b>12,739,253</b>
<b>NON-CURRENT ASSETS</b>					
Other financial assets	11	31,000	31,000	31,679	31,677
Property, plant and equipment	12	2,968,669	2,772,932	2,968,669	2,772,932
Other	10	-	232,412	-	232,412
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,999,669</b>	<b>3,036,344</b>	<b>3,000,348</b>	<b>3,037,021</b>
<b>TOTAL ASSETS</b>		<b>19,043,470</b>	<b>15,775,926</b>	<b>19,073,635</b>	<b>15,776,274</b>
<b>CURRENT LIABILITIES</b>					
Payables	13	5,910,439	4,796,190	5,909,444	4,794,956
Provisions	15	1,763,739	1,089,699	1,763,344	1,089,699
Other	16	6,874,928	7,667,882	6,874,928	7,667,882
<b>TOTAL CURRENT LIABILITIES</b>		<b>14,549,106</b>	<b>13,553,771</b>	<b>14,547,716</b>	<b>13,552,537</b>
<b>NON-CURRENT LIABILITIES</b>					
Interest bearing liabilities	14	2,500,000	1,900,000	2,500,000	1,900,000
Provisions	15	568,242	167,814	568,242	167,814
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>3,068,242</b>	<b>2,067,814</b>	<b>3,068,242</b>	<b>2,067,814</b>
<b>TOTAL LIABILITIES</b>		<b>17,617,348</b>	<b>15,621,585</b>	<b>17,615,958</b>	<b>15,620,351</b>
<b>NET ASSETS</b>		<b>1,426,122</b>	<b>154,341</b>	<b>1,457,677</b>	<b>155,923</b>
<b>EQUITY</b>					
Contributed equity	17	2	2	2	2
Retained profits	18	1,426,120	154,339	1,457,675	155,921
<b>TOTAL EQUITY</b>		<b>1,426,122</b>	<b>154,341</b>	<b>1,457,677</b>	<b>155,923</b>

The statements of financial performance should be read in conjunction with the accompanying notes 1 to 30.



# Statements of Cash Flows for the year ended 31 December 2002

		Consolidated Accounts		ITC Limited	
		Year Ended 2002	Year Ended 2001	Year Ended 2002	Year Ended 2001
	Notes	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers		51,731,877	50,193,131	51,731,877	50,193,131
Payments to suppliers and employees		(49,310,994)	(44,709,535)	(49,312,941)	(44,690,806)
Interest received		381,363	177,672	381,363	177,672
Borrowing costs		(182,275)	(120,283)	(182,275)	(120,283)
<b>Net cash provided by operating activities</b>	23(a)	<b>2,619,971</b>	<b>5,540,985</b>	<b>2,618,024</b>	<b>5,559,714</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for property, plant and equipment		(2,013,448)	(1,516,163)	(2,013,448)	(1,516,163)
Proceeds from sale of property, plant and equipment		2,631	48,925	2,631	48,925
Investment in subsidiaries		-	-	(2)	(674)
Dividend received from investments		4,600	4,202	4,600	4,202
<b>Net cash used in investing activities</b>		<b>(2,006,217)</b>	<b>(1,463,036)</b>	<b>(2,006,219)</b>	<b>(1,463,710)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase/(repayment) of borrowings		600,000	1,000,000	600,000	1,000,000
		600,000	1,000,000	600,000	1,000,000
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>					
Net increase/(decrease) in cash held		1,213,754	5,077,949	1,211,805	5,096,004
Cash at the beginning of the year		6,660,795	1,582,846	6,660,639	1,564,635
<b>CASH AT THE END OF THE YEAR</b>	23(b)	<b>7,874,549</b>	<b>6,660,795</b>	<b>7,872,444</b>	<b>6,660,639</b>

The statements of financial performance should be read in conjunction with the accompanying notes 1 to 30.

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Public Finance and Audit Act, 1983, Public Finance and Audit Regulation 2000, applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, and except where stated does not take into account changing money values or fair values of non-current assets. Unless otherwise stated the accounting policies adopted are consistent with those of the previous year.

### (b) Fixed assets

Property, plant and equipment, are depreciated over their estimated useful lives using the straight line method. All fixed assets are recorded in the accounts (refer note 12) at written down value.

Profits and losses on disposal of property, plant and equipment are taken into account in determining the profit for the year.

The depreciation rates used for each class of asset are as follows:

	31 December 2002 %	31 December 2001 %
Plant and equipment	10 to 33 $\frac{1}{3}$	10 to 33 $\frac{1}{3}$
Furniture and fittings	10 to 20	10 to 20
Computer equipment	33 $\frac{1}{3}$	16 $\frac{2}{3}$ to 33 $\frac{1}{3}$
Motor vehicles	25	25

All assets acquired including property, plant and equipment are initially recorded at their cost of acquisition, at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. Items of plant and equipment less than \$300 are expensed in the year of acquisition.

### (c) Employee Entitlements

The amounts expected to be paid in respect of employees' pro-rata entitlements to long service and annual leave are accrued annually at current wage rates. The amounts shown are at their nominal value. Contributions to employee superannuation funds are charged as expense as the contributions are paid or become payable. Provision for long service leave includes amounts payable upon completion of service in the Middle East in accordance with UAE legislation.

### (d) Related Entities

The Group is an education, training and consulting arm of the University of Wollongong, which holds one hundred percent (100%) of the share capital of ITC Ltd. The Group's activities are dependent upon a continuing relationship with the University of Wollongong. Transactions between the Group and the University of Wollongong and other related entities consisted of the provision of consultancy services, materials and facilities, which were made under normal commercial terms and conditions.

The controlled entity, ITC New Zealand Ltd was formed on 12 November 2002.

In the process of preparing the consolidated financial statements for the economic entity consisting of the controlling and controlled entities, all inter-entity transactions and balances have been eliminated.

### (e) Statement of Cash Flows

For the purpose of the Statement of Cash Flows, cash includes cash on hand, deposits held at call with banks, investments in money market instruments and bank overdraft.

### (f) Foreign Currency Translation

#### Transactions

Foreign currency transactions between Australia and the Middle East are translated into Australian currency at the rate of exchange at the date of transaction. Transactions confined to Middle East operations are translated at a fixed rate determined each quarter. At balance date, amounts payable and receivable in foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.



**(g) Revenue Recognition**

All revenue is recognised net of GST:

- ☐ Student income is not recognised until it is received, at which time it is recognised over the period of the course or program;
- ☐ Project and other revenue is not recognised until such time as it is invoiceable to the customer; and
- ☐ Revenue on sale of non-current assets is recognised at the time control of the asset transfers to the buyer.

**(h) Receivables and Payables**

Trade accounts receivable are carried at amounts due. Bad debts are written off or provided for in the period in which they are identified. The Company makes provision for doubtful debts based on specific assessment.

Trade accounts payable, including accruals not yet billed, are recognised when the consolidated entity becomes obliged to make future payments as a result of a purchase of assets or services. Trade accounts payable are generally settled within 45 days. The account with the parent is operated under agreed payment terms of 120 days. The directors consider the carrying amounts of trade and other accounts payable to approximate their net fair values.

**(i) Investments**

Investments have been brought to account at cost. The Directors estimate the market value of the investments to approximate the cost.

**(j) Inventory Valuation**

Inventories are valued at the lower of historical cost or net realisable value. Work in progress inventory represents costs incurred in project deliverables which will be recognised to cost of sales when revenue becomes invoiceable or earned.

**(k) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") except where the amount of GST is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

**(l) Deferred expenditure**

Certain items of expenditure have been deferred in accordance with the principal of creation of future economic benefit to the consolidated entity. Such items are valued at cost in the accounts and will be amortised against future earnings as and when relevant earnings streams commence.

In the opinion of Directors such treatment reflects the anticipated future value of the expenditure to the organisation.

**(m) Interest rate and credit risk**

**Interest rate risk**

The consolidated entity's exposure to interest rate risk on financial instruments at balance date are:

	Weighted average effective rate%	Floating interest rate \$	Fixed interest rate \$	Non-interest bearing \$	Total \$
<b>2001</b>					
<b>ASSETS</b>					
Cash	4.26	6,066,982	-	593,813	6,660,795
Receivables		-	-	3,456,716	3,456,716
Other financial assets		-	-	31,000	31,000
<b>TOTAL FINANCIAL ASSETS</b>		<b>6,066,982</b>	<b>-</b>	<b>4,081,529</b>	<b>10,148,511</b>
<b>LIABILITIES</b>					
Payables		-	-	4,796,190	4,796,190
Interest bearing liabilities	8.0	1,900,000	-	-	1,900,000
<b>TOTAL FINANCIAL SOLUTIONS</b>		<b>1,900,000</b>	<b>-</b>	<b>4,796,190</b>	<b>6,696,190</b>
<b>2002</b>					
<b>ASSETS</b>					
Cash	3.69	6,874,309	-	1,000,240	7,874,549
Receivables		-	-	5,233,797	5,233,797
Other financial assets		-	-	31,000	31,000
<b>TOTAL FINANCIAL ASSETS</b>		<b>6,874,309</b>	<b>-</b>	<b>6,265,037</b>	<b>13,139,346</b>
<b>LIABILITIES</b>					
Payables		-	-	5,910,439	5,910,439
Interest bearing liabilities	8.0	2,500,000	-	-	2,500,000
<b>TOTAL FINANCIAL LIABILITIES</b>		<b>2,500,000</b>	<b>-</b>	<b>5,910,439</b>	<b>8,410,439</b>

**Credit risk**

The credit risk on financial assets is the carrying amount shown in the Statement of Financial Position. The consolidated entity does not have any significant exposure to any individual customer, counter party or shareholding.

**2. CONTROLLED ENTITIES**

The results from operations in respect of entities controlled by Illawarra Technology Corporation Ltd are as follows:

	31-Dec-02 \$	31-Dec-01 \$
<b>ITC Europe Ltd</b>		
The basis of control of the above entity is 100% equity in 250 fully paid share of £STG250.00.	(1,415)	(206,300)
<b>ITC New Zealand Ltd</b>		
The basis of control of the above entity is 100% equity in 2 \$1 fully paid shares totalling NZD \$2.	(28,556)	-

	Consolidated Accounts		ITC Limited	
	Year Ended	Year Ended	Year Ended	Year Ended
	2002	2001	2002	2001
	\$	\$	\$	\$
<b>3 REVENUE FROM ORDINARY ACTIVITIES</b>				
<b>Sales revenue</b>	50,562,411	41,362,546	50,562,411	41,362,546
<b>Other revenue</b>				
Proceeds from sale of fixed assets	2,631	48,925	2,631	48,925
Dividends	4,600	4,202	4,600	4,202
Investment income - Interest	381,363	177,672	381,363	177,672
	<u>50,951,005</u>	<u>41,593,345</u>	<u>50,951,005</u>	<u>41,593,345</u>

#### 4 PROFIT FROM ORDINARY ACTIVITIES

The profit from ordinary activities is arrived at:

**After charging:**

Borrowing costs:

other persons/corporations	182,274	120,283	182,274	120,283
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Depreciation:

Motor vehicles	19,648	33,958	19,648	33,958
Other equipment	674,533	461,545	674,533	461,545
Computer equipment	617,699	547,345	617,699	547,345

Provisions:

Doubtful debts	109,681	(37,792)	109,681	166,926
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Loss from sale of fixed assets:	1,127	213,618	1,127	213,618
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**After crediting:**

Interest received receivable:

Other persons/corporation	381,363	177,672	381,363	177,672
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#### 5. INCOME TAX

No income tax expense has been provided in the Company's accounts on the basis that the Company is exempt from income tax in accordance with provisions of the Income Tax Assessment Acts (1936 and 1997). No income tax expense has been provided in the accounts of ITC New Zealand Ltd or ITC Europe Ltd as both Companies traded at a loss during the reporting year and it is not appropriate to record a deferred tax asset as recovery is not considered certain at this time.



## 6. SEGMENT REPORTING

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprises income-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

### Business segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

- Education** Wollongong University College delivers educational services and courses at three locations, on the main Wollongong Campus of the University of Wollongong, in central Sydney and in Dubai. The core business is provision of English language and academic pathway programs that enable international and local students to proceed to University. The Company also manages the Dubai Campus of the University of Wollongong on behalf of the University.
- Marketing** The Company is responsible, under contract to the University of Wollongong, for marketing, recruitment and external relations for the University of Wollongong. Activities include domestic and international student recruitment, admissions, media relations and alumni.
- Project management** The Company provides consulting, project management and training and development services for clients such as the Australian Agency for International Development and the Asian Development Bank.

### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

The consolidated entity's business segments operate geographically as follows:

Australia

Middle East

	Education \$,000	Marketing \$,000	Project Management \$,000	Other \$,000	Eliminations \$,000	Consolidated \$,000
<b>PRIMARY REPORTING BUSINESS SEGMENTS</b>						
<b>Revenue</b>						
External segment revenue	30,941,016	8,345,695	10,769,845	505,503	-	50,562,059
Inter-segment revenue		300,000			(300,000)	-
<b>Total segment revenue</b>	<b>30,941,016</b>	<b>8,645,695</b>	<b>10,769,845</b>	<b>505,503</b>	<b>(300,000)</b>	<b>50,562,059</b>
Other unallocated revenue						388,946
<b>Total revenue</b>						<b>50,951,005</b>
<b>Result</b>						
Segment result	1,889,387	(207,381)	(434,809)	22,546	-	1,269,743
Other unallocated revenue						388,945
Unallocated corporate expenses						(386,907)
Profit from ordinary activities before income tax						1,271,781

## 6. SEGMENT REPORTING (cont'd)

	Education \$,000	Marketing \$,000	Project Management \$,000	Other \$,000	Eliminations \$,000	Consolidated \$,000
<b>Net profit</b>						1,271,781
Depreciation and amortisation	1,611,081	112,212	27,930	197,961		1,949,184
Non-cash expenses other than depreciation and amortisation	391,668	114,620	91,806	166,015		764,109
<b>Individually significant items</b>						
Deferred expenditure written off	254,922	-	-	-		254,922
Fixed assets written off/disposed	229,625	94,513	5,524	138,448		468,110
Provision for restructuring, litigation and other	366,375	60,000	-	286,743		713,118
<b>Assets</b>						
Segment assets	7,395,605	2,679,524	2,813,264	1,025,799		13,914,192
Unallocated corporate assets						5,129,278
<b>Consolidated total assets</b>						19,043,470
<b>Liabilities</b>						
Segment liabilities	11,225,315	524,292	602,526	2,159,935		14,512,068
Unallocated corporate liabilities						3,105,280
<b>Consolidated total liabilities</b>						17,617,348
Acquisitions of non-current assets	1,243,513	74,892	32,431	662,612		2,013,448

	Australia \$,000	MiddleEast \$,000	Consolidated \$,000
<b>SECONDARY REPORTING</b>			
<b>GEOGRAPHICAL REPORTING</b>			
External segment revenue by location of customers	37,955,657	12,995,348	50,951,005
Segment assets by location of assets	15,066,764	3,976,706	19,043,470
Acquisitions of non-current assets	1,330,785	682,663	2,013,448

## 7. CASH ASSETS

	Consolidated Accounts		ITC Limited	
	Year Ended 2002	Year Ended 2001	Year Ended 2002	Year Ended 2001
	\$	\$	\$	\$
Petty cash	6,906	4,424	5,036	4,424
Cash at bank and on hand	7,867,643	6,656,371	7,867,408	6,656,215
	7,874,549	6,660,795	7,872,444	6,660,639

## 8. RECEIVABLES

		Consolidated Accounts		ITC Limited	
		Year Ended 2002	Year Ended 2001	Year Ended 2002	Year Ended 2001
		\$	\$	\$	\$
Trade debtors	- UOW/UniCentre	2,066,021	1,032,336	2,066,021	1,032,336
	- Other third parties	2,736,645	2,406,424	2,736,645	2,406,424
	- Less: Provision for doubtful debts	(77,819)	(2,875)	(77,819)	(2,875)
		<u>4,724,847</u>	<u>3,435,885</u>	<u>4,724,847</u>	<u>3,435,885</u>
Other	- ITC Europe Ltd	216	173	1,774	-
	- ITC New Zealand Ltd	-	-	171,782	-
	- Other debtors	508,734	20,658	492,984	20,658
		<u>5,233,797</u>	<u>3,456,716</u>	<u>5,391,387</u>	<u>3,456,543</u>

## 9. INVENTORY

Books for resale	195,168	107,883	195,168	107,883
Work in progress	1,040,024	601,512	1,040,024	601,512
	<u>1,235,192</u>	<u>709,395</u>	<u>1,235,192</u>	<u>709,395</u>

Inventories are valued at cost.

## 10. OTHER

### Current

Prepayment and other advances	1,700,263	1,507,784	1,574,264	1,507,784
Deferred expenditure	-	404,892	-	404,892
	<u>1,700,263</u>	<u>1,912,676</u>	<u>1,574,264</u>	<u>1,912,676</u>

### Non-current

Deferred expenditure	-	232,412	-	232,412
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## 11. OTHER FINANCIAL ASSETS

	Consolidated Accounts				ITC Limited			
	2002		2001		2002		2001	
	\$ (at cost)	% (Holdings)	\$ (at cost)	% (Holdings)	\$ (at cost)	% (Holdings)	\$ (at cost)	% (Holdings)
• IDP Education Australia Limited	10,000	2.7	10,000	2.7	10,000	2.7	10,000	2.7
• International English Language Testing System (IELTS) Australia Pty Ltd	21,000	4.6	21,000	4.6	21,000	4.6	21,000	4.6
• ITC (New Zealand) Ltd (Subsidiary)	-	-	-	-	2	100	-	-
• ITC (Europe) Ltd (Subsidiary)	-	-	-	-	677	100	677	100
	<u>31,000</u>		<u>31,000</u>		<u>31,679</u>		<u>31,677</u>	



## 11. OTHER FINANCIAL ASSETS (cont'd)

No contribution to profit was made by IDP during the year ended 31 December 2002 (2001: Nil). During the year ended 31 December 2002 a dividend of \$4,600 (2001: \$4,202) was received from IELTS Australia Pty Ltd.

IELTS Australia Pty Ltd owns the intellectual property in the internationally recognised IELTS testing system. IDP Education Australia Limited operates a large international student recruitment network.

## 12. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Accounts		ITC Limited	
	Year Ended 2002 \$	Year Ended 2001 \$	Year Ended 2002 \$	Year Ended 2001 \$
<b>Plant and equipment, furniture and fittings at cost</b>	3,178,313	2,741,347	3,178,313	2,741,347
Less: Accumulated depreciation	(1,216,121)	(1,220,069)	(1,216,121)	(1,220,069)
	<u>1,962,192</u>	<u>1,521,278</u>	<u>1,962,192</u>	<u>1,521,278</u>
<b>Computer equipment at cost</b>	2,069,540	2,722,199	2,069,540	2,722,199
Less: Accumulated depreciation	(1,087,551)	(1,514,681)	(1,087,551)	(1,514,681)
	<u>981,989</u>	<u>1,207,518</u>	<u>981,989</u>	<u>1,207,518</u>
<b>Motor vehicles at cost</b>	89,360	89,360	89,360	89,360
Less: Accumulated depreciation	(64,872)	(45,224)	(64,872)	(45,224)
	<u>24,488</u>	<u>44,136</u>	<u>24,488</u>	<u>44,136</u>
<b>Total plant and equipment, computers and motor vehicles</b>	5,337,213	5,552,906	5,337,213	5,552,906
Less: Accumulated depreciation	(2,368,544)	(2,779,974)	(2,368,544)	(2,779,974)
	<u>2,968,669</u>	<u>2,772,932</u>	<u>2,968,669</u>	<u>2,772,932</u>

### Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

<b>Computer equipment</b>				
Carrying amount at beginning of year	1,207,518	1,122,706	1,207,518	1,122,706
Purchases during year	646,570	823,364	646,570	823,364
Depreciation during year	(617,699)	(547,345)	(617,699)	(547,345)
Disposals/write offs at written down value	(254,402)	(191,207)	(254,402)	(191,207)
	<u>981,987</u>	<u>1,207,518</u>	<u>981,987</u>	<u>1,207,518</u>

## 12. PROPERTY, PLANT AND EQUIPMENT (cont'd)

### Motor vehicles

	Consolidated Accounts		ITC Limited	
	Year Ended 2002 \$	Year Ended 2001 \$	Year Ended 2002 \$	Year Ended 2001 \$
Carrying amount at beginning of year	44,136	94,131	44,136	94,131
Purchases during year	-	-	-	-
Depreciation during year	(19,648)	(33,958)	(19,648)	(33,958)
Disposals/write offs at written down value	-	(16,037)	-	(16,037)
Carrying amount at end of year	24,488	44,136	24,488	44,136

### Plant and equipment, furniture and fittings

Carrying amount at beginning of year	1,521,278	1,345,323	1,521,278	1,345,323
Purchases during year	1,366,878	692,800	1,366,878	692,800
Depreciation during year	(674,533)	(461,545)	(674,533)	(461,545)
Disposals/write offs at written down value	(251,431)	(55,300)	(251,431)	(55,300)
Carrying amount at end of year	1,962,192	1,521,278	1,962,192	1,521,278

## 13. PAYABLES

### Trade creditors:

Related entities	2,502,167	1,035,812	2,502,167	1,035,812
Other	1,020,681	759,893	1,020,681	758,659
Other creditors and accruals	2,387,591	3,000,485	2,386,596	3,000,485
	5,910,439	4,796,190	5,909,444	4,794,956

## 14. INTEREST BEARING LIABILITIES

### Non-current

Loan from UOW	2,500,000	1,900,000	2,500,000	1,900,000
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ITC Limited's line of credit with the National Australia Bank Ltd comprises an overdraft facility of \$500,000 (2001: \$600,000) and a business credit card account for \$200,000 (2001: \$150,000).

The line of credit is secured by way of a Registered Mortgage Debentures over the assets and undertakings of ITC Limited.

The company has borrowed \$2,500,000 (2001: \$1,900,000) from parent entity (University of Wollongong), which is a loan facility for the development of the new Dubai campus. The interest rate is currently at 8% variable. Interest is payable monthly in arrears. The loan is repayable in more than one year and less than five years.

#### 14. INTEREST BEARING LIABILITIES (cont'd)

##### Financing arrangements

The consolidated entity has access to the following lines of credit:

	Consolidated Accounts		ITC Limited	
	Year Ended 2002	Year Ended 2001	Year Ended 2002	Year Ended 2001
	\$	\$	\$	\$
<b>Total facilities available</b>				
Bank overdraft	500,000	600,000	500,000	600,000
Related party loans	2,500,000	2,500,000	2,500,000	2,500,000
Credit card facility	200,000	150,000	200,000	150,000
	<u>3,200,000</u>	<u>3,250,000</u>	<u>3,200,000</u>	<u>3,250,000</u>
<b>Facilities utilised at balance date</b>				
Bank overdrafts	-	-	-	-
Related party loans	2,500,000	1,900,000	2,500,000	1,900,000
Credit card facility	12,577	13,317	12,577	13,317
	<u>2,512,577</u>	<u>1,913,317</u>	<u>2,512,577</u>	<u>1,913,317</u>
<b>Facilities not utilised at balance date</b>				
Bank overdrafts	500,000	600,000	500,000	600,000
Related party loans	-	600,000	-	600,000
Credit card facility	187,423	136,683	187,423	136,683
	<u>687,423</u>	<u>1,336,683</u>	<u>687,423</u>	<u>1,336,683</u>
<b>15. PROVISIONS</b>				
<b>Current</b>				
Annual leave	814,683	640,619	814,528	640,619
Long service leave	235,938	449,080	235,938	449,080
Restructure, litigation and other	713,118	-	712,878	-
	<u>1,763,739</u>	<u>1,089,699</u>	<u>1,763,344</u>	<u>1,089,699</u>
<b>Non-current</b>				
Long service leave	<u>568,242</u>	<u>167,814</u>	<u>568,242</u>	<u>167,814</u>
<b>Movements in annual leave</b>				
Opening balance	640,619	467,180	640,619	467,180
Plus expense (provision)	836,764	935,007	836,609	935,007
Less leave taken	(662,700)	(761,568)	(662,700)	(761,568)
	<u>814,683</u>	<u>640,619</u>	<u>814,528</u>	<u>640,619</u>
<b>Movements in long service leave</b>				
Opening balance	616,894	603,686	616,894	603,686
Plus expense (provision)	308,820	169,410	308,820	169,410
Less leave taken	(121,535)	(156,203)	(121,535)	(156,203)
	<u>804,179</u>	<u>616,894</u>	<u>804,179</u>	<u>616,894</u>



	Consolidated Accounts		ITC Limited	
	Year Ended 2002	Year Ended 2001	Year Ended 2002	Year Ended 2001
	\$	\$	\$	\$

#### 16. OTHER LIABILITIES

Income received in advance	6,874,928	7,667,882	6,874,928	7,667,882
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#### 17. CONTRIBUTED EQUITY

Issued and paid up share capital

2 ordinary shares held by the University of Wollongong	2	2	2	2
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The liability of University of Wollongong as the sole member of the Corporation is limited to \$50.00

#### 18. RETAINED PROFITS

Retained profits/(accumulated losses) at beginning of year	154,339	27,149	155,921	27,149
Net profit	1,271,781	127,190	1,301,754	128,772
Retained profits at end of year	1,426,120	154,339	1,457,675	155,921

#### 19. AUDITORS REMUNERATION

Total amount received/receivable by the audit office of

New South Wales for the audit of the accounts	37,000	27,000	37,000	27,000
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The Auditor received no other benefits.

#### 20. EVENTS OCCURRING AFTER BALANCE DATE

As at the date of this report, the Directors note that the outbreak of hostilities in the Middle East region is of considerable concern.

Directors feel that should hostilities either continue for a reasonable period, or escalate, actions including suspension of classes and evacuation of staff may become appropriate.

While the potential exists for this event to significantly affect the operations or state of affairs of the Corporation in the financial year subsequent to the 31 December 2002, at this early stage it is not possible to assess the likelihood or potential extent of this risk.

## 21. AMOUNTS PAYABLE/RECEIVABLE IN FOREIGN CURRENCY

The Australian dollar equivalents of unhedged amounts payable or receivable in foreign currencies, calculated at year-end exchange rates are as follows:

	Consolidated Accounts		ITC Limited	
	Year Ended 2002 \$	Year Ended 2001 \$	Year Ended 2002 \$	Year Ended 2001 \$
<b>United Arab Emirates Dirham</b>				
Amounts payable	3,319,041	1,552,323	3,319,041	1,552,323
Amounts receivable	2,578,240	1,080,299	2,578,240	1,080,299
<b>United States Dollars</b>				
Amounts receivable	272,357	310,467	272,358	310,467
<b>Indonesian Rupiah</b>				
Amounts receivable	40,467	-	40,467	-
<b>New Zealand Dollars</b>				
Amounts payable	394	-	-	-
Amounts receivable	143,618	-	-	-
<b>Great Britain Pounds</b>				
Amounts payable	295	-	-	-
Amounts receivable	995	-	-	-
<b>Papua New Guinea Kina</b>				
Amounts receivable	-	13,620	-	13,620

Consolidated Entity	
Year Ended 2002 \$	Year Ended 2001 \$

## 22. DIRECTORS REMUNERATION

### Directors Income

Income received, or due and receivable, by directors from the Corporation

273,146	318,582
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The number of directors of ITC Ltd and subsidiaries whose income from the ITC Ltd, and related bodies, was within the specified bands, are as follows:

\$'000s	Consolidated Entity	
	Year Ended 2002	Year Ended 2001
0-10	3	2
10-20	2	2
20-30	2	3
30-40	1	-
60-70	-	1
140-150	-	1
160-170	1	-

Consolidated Entity	
Year Ended 2002 \$	Year Ended 2001 \$

### Retirement benefits

Amounts paid/payable to the superannuation fund in connection with the retirement of Directors

17,056	14,679
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		Consolidated Accounts		ITC Limited	
	Note	Year Ended 2002 \$	Year Ended 2001 \$	Year Ended 2002 \$	Year Ended 2001 \$
<b>23(a). RECONCILIATION OF PROFIT FROM ORDINARY ACTIVITIES TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>					
Profit from ordinary activities		1,271,781	127,190	1,301,754	128,772
Add/(less) items classified as investing activities:					
(Profit)/loss from sale of non-current assets		1,127	(24,773)	1,127	(24,773)
Add/(less) non-cash items:					
Depreciation		1,311,880	1,042,848	1,311,880	1,042,848
Fixed asset write down		464,352	238,391	464,352	238,391
Amortisation/deferred expenditure write off		637,304	127,461	637,304	127,461
Bad and doubtful debts		74,945	(37,792)	74,945	166,926
Dividend received		(4,600)	(4,202)	(4,600)	(4,202)
Net cash provided by operating activities before change in assets and liabilities		3,756,789	1,469,123	3,786,762	1,675,423
(Increase)/decrease in receivables		(1,852,025)	(402,796)	(2,009,789)	(375,361)
(Increase)/decrease in inventories		(525,797)	(465,919)	(525,797)	(465,919)
(Increase)/decrease in other assets		(192,479)	(563,386)	(66,481)	(777,158)
Increase/(decrease) in payables		1,151,969	1,065,415	1,152,209	1,064,181
Increase/(decrease) in provisions		1,074,468	186,647	1,074,074	186,647
Increase/(decrease) in other liabilities		(792,954)	4,251,901	(792,954)	4,251,901
Net cash provided by operating activities		2,619,971	5,540,985	2,618,024	5,559,714

**23(b). RECONCILIATION OF CASH AT THE END  
OF THE FINANCIAL PERIOD TO THE  
STATEMENT OF FINANCIAL POSITION**

Cash assets	7	7,874,549	6,660,795	7,872,444	6,660,639
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**24. EMPLOYEE ENTITLEMENTS, RESTRUCTURING  
AND LITIGATION**

Current	15	1,763,739	1,089,699	1,763,344	1,089,699
Non-current	15	568,242	167,814	568,242	167,814
		2,331,981	1,257,513	2,331,586	1,257,513



## 25. COMMITMENTS

Non-cancellable operating lease commitments  
(for office photocopiers, building rent and motor vehicles)

	Consolidated Accounts		ITC Limited	
	Year Ended 2002	Year Ended 2001	Year Ended 2002	Year Ended 2001
	\$	\$	\$	\$
Due less than one year	2,797,062	912,739	2,797,062	912,739
Due more than one year and less than five years	3,066,545	356,138	3,066,545	356,138
	<u>5,863,607</u>	<u>1,268,877</u>	<u>5,863,607</u>	<u>1,268,877</u>

The aggregate amount of commitments in respect of operating expenditure and capital expenditure (as at the balance date) was \$230,760 and \$70,529 respectively (2001: \$114,925 and \$41,760 respectively). All these amounts are payable within twelve months of the balance date.

## 26. DETAILED PROFIT AND LOSS ACCOUNT

	Note	Consolidated Accounts		ITC Limited	
		Year Ended 2002	Year Ended 2001	Year Ended 2002	Year Ended 2001
		\$	\$	\$	\$
<b>Income</b>					
Sales revenue		50,562,411	41,362,546	50,562,411	41,362,546
Other revenue:					
Proceeds from sale of fixed assets		2,631	48,925	2,631	48,925
Dividends		4,600	4,202	4,600	4,202
Investment income - Interest					
- other persons/corporations		381,363	177,672	381,363	177,672
<b>Total income</b>	3	<u>50,951,005</u>	<u>41,593,345</u>	<u>50,951,005</u>	<u>41,593,345</u>
<b>Expenditure (third party)</b>					
Salaries and related costs		16,720,835	12,895,516	16,717,623	12,895,516
Annual leave, annual leave loading					
and long service leave		1,145,584	1,104,417	1,145,429	1,104,417
Superannuation		1,348,802	928,716	1,348,802	928,716
Project consultancy costs					
(mainly international projects)		4,330,778	3,675,442	4,330,778	3,675,442
Agents fees (UOW and ITC)		4,824,480	4,258,201	4,824,480	4,258,201
Direct project costs (mainly international					
project reimbursable costs)		4,597,920	6,945,482	4,597,920	6,945,482
Site costs		3,034,941	2,392,837	3,034,941	2,392,837
Laboratory and office costs		1,097,632	1,011,832	1,097,632	1,011,832
Marketing costs (including marketing and promotion					
costs for UOW domestic and international markets)		2,890,491	2,087,626	2,890,491	2,087,626
Other personnel costs		760,218	505,626	759,979	505,626
Professional services		1,527,372	661,416	1,510,246	661,416

**26. DETAILED PROFIT AND LOSS ACCOUNT (cont'd)**

	Consolidated Accounts		ITC Limited	
	Year Ended 2002 \$	Year Ended 2001 \$	Year Ended 2002 \$	Year Ended 2001 \$
Depreciation	1,311,880	1,042,848	1,311,880	1,042,848
Computer services	549,530	178,744	549,530	178,744
Amortisation costs	637,304	127,461	637,304	127,461
Subscriptions	74,011	105,277	74,011	105,277
Travels & entertainment – non project	172,718	146,453	172,718	146,453
Insurance	55,015	67,724	55,015	67,724
Government charges	91,315	70,957	91,315	70,957
Warranty accrual	-	582,700	-	582,700
Motor vehicle expenses	415,746	270,184	415,746	270,184
Bad and doubtful debts	109,681	(37,792)	109,681	166,926
Telephones	343,350	349,970	343,350	349,970
Other expenses	882,111	742,134	872,870	535,834
Value of fixed assets sold/written down	468,110	262,543	468,110	262,543
Borrowing costs to other persons/corporation	182,274	120,283	182,274	120,283
<b>Total expenditure (third party)</b>	<b>47,572,098</b>	<b>40,496,597</b>	<b>47,542,125</b>	<b>40,495,015</b>
<b>PROFIT BEFORE UOW EXPENSES</b>	<b>3,378,907</b>	<b>1,096,748</b>	<b>3,408,880</b>	<b>1,098,330</b>
<b>Expenditure (UOW)</b>				
Department and faculty fees	1,568,163	748,888	1,568,163	748,888
Rent	425,628	-	425,628	-
Consultancy costs	52,820	149,870	52,820	149,870
Scholarships (University Foundation)	60,515	70,800	60,515	70,800
<b>Total expenditure (UOW)</b>	<b>2,107,126</b>	<b>969,558</b>	<b>2,107,126</b>	<b>969,558</b>
<b>PROFIT FROM ORDINARY ACTIVITIES</b>	<b>1,271,781</b>	<b>127,190</b>	<b>1,301,754</b>	<b>128,772</b>

**27. SALARIES AND RELATED COSTS**

Salaries (including sick leave) for employees and employed project consultants - international and domestic	18,218,460	14,219,034	18,215,065	14,219,034
Payroll tax	859,288	656,658	859,288	656,658
Other on costs (including Workers Compensation Insurance)	137,473	52,957	137,502	52,957
<b>TOTAL</b>	<b>19,215,221</b>	<b>14,928,649</b>	<b>19,211,855</b>	<b>14,928,649</b>

**28. ASSISTANCE PROVIDED BY GOVERNMENT ENTITIES**

During the year the University of Wollongong provided rent free accommodation to the Company in relation to space occupied in Building 39 on the campus. This was given in recognition of the considerable redevelopment works undertaken by ITC on the building during the year. This contribution has not been recognised in the financial statements. There were no other material assets or expenditure provided by or incurred by another government department or statutory authority to the Company other than as disclosed in Note 1 (related entities).

**29. ECONOMIC DEPENDENCY**

The Group is dependent on the University of Wollongong, as its sole shareholder, to provide financial support should the need arise.

**30. RELATED PARTIES****(i) Directors**

The names of each person holding the position of director of Illawarra Technology Corporation Limited during the financial year are G Maltby, B Hickman, J Langridge, B Gillett, G Sutton, P Robinson, E Menzies and J Scimone.

Details of directors' remuneration are set out in Note 22.

No director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests at year end.

**(ii) Controlling entity disclosures - University of Wollongong****(A) THE COMPANY RECEIVED A LOAN FROM THE UNIVERSITY OF WOLLONGONG IN 2001. REFER NOTE 14.**

The interest rate charged is 8% per annum on the outstanding balance.

Interest brought to account by the Company on the loan during the year was \$182,274 (2001: \$120,283)

	Year Ended 2002 \$	Year Ended 2001 \$
<b>(B) OTHER TRANSACTIONS</b>		
<b>Income</b>		
Sales	8,274,311	7,445,466
<b>Total income</b>	<u>8,274,311</u>	<u>7,445,466</u>
<b>Expenses</b>		
Department and faculty fees	1,568,163	748,888
Consultancy costs	52,820	149,870
Rent	425,628	-
Scholarships	60,515	70,800
Total expenditure (UOW)	2,107,126	969,558
Reimbursable utilities and services	755,170	1,645,185
<b>TOTAL</b>	<u><b>2,862,296</b></u>	<u><b>2,614,743</b></u>
<b>(C) BALANCES WITH CONTROLLING ENTITY</b>		
<b>Receivables - current</b>		
Trade receivables	2,066,021	1,032,336
<b>Payables - current</b>		
Trade creditors	2,492,786	1,028,695
<b>Payables - non current</b>		
Loan	2,500,000	1,900,000



### 30. RELATED PARTIES *(cont'd)*

#### (iii) Other related parties

The Company enters into transactions with other entities controlled by the University of Wollongong, University of Wollongong Recreation and Aquatic Centre Ltd (URAC), Wollongong Unicentre Ltd (Unicentre) and its controlled entities as per note 2.

	Year Ended 2002 \$	Year Ended 2001 \$
<b>(A) TRANSACTIONS</b>		
Expenses	247,113	184,042
<b>Receivables - current</b>		
Trade Receivables	171,782	-
Payables - current & noncurrent	9,381	7,117

#### (iv) Ultimate controlling entity

The ultimate controlling entity of the company is the University of Wollongong.

**END OF AUDITED FINANCIAL STATEMENTS**

**Illawarra Technology Corporation Limited**  
**A.C.N. 002 882 064**  
**(Limited by shares and Guarantee)**  
**A.B.N. 77 002 882 064**

**ISO Accrediting Body**  
Lloyds Register Quality Assurance



ITC is certified under a Quality Management System

**Internal Auditor**  
KPMG

**External Auditor**  
Audit Office of NSW

**Lawyers**  
Minter Ellison  
Kells the Lawyers

**Other Accrediting and Licencing Agencies:**

NSW Vocational Training Accreditation Board (VETAB)  
Australian Council for Private Education & Training (ACPET)  
English Australia  
United Arab Emirates Ministry of Higher Education and Scientific Research

## **Illawarra Technology Corporation Limited**

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**Web:** [www.itc.com.au](http://www.itc.com.au)

Illawarra Technology Corporation attempts to ensure that the information contained in this publication is correct at the time of production (May 2003), however sections may be amended without notice by the Corporation in response to changing circumstances or for any other reason.

Wollongong University College CRICOS number: 00055G  
University of Wollongong CRICOS number: 00102E